

Chairman McCain, Ranking Member Reed, distinguished members of the committee, thank you for the opportunity to appear before you today.

I've been traveling a fair amount recently to put "eyes on" our Navy around the world. As you know, the problems they face are getting more complex by the day, but your naval team is working hard, and our Sailors, Marines and civilians are simply astounding in their skill and dedication. We MUST do more to respect their mission and dedication.

I describe our current challenges in terms of a "triple whammy."

The first "whammy" is the continued *high demand* for Naval forces. We just marked the 15th anniversary of 9/11. The past 15 years of high optempo in support of the wars has put tremendous wear and tear on our ships and aircraft. It's also taken a toll on the Sailors that take those platforms to sea, on the skilled Navy civilians that build and repair them, and on our family members.

The second "whammy" is budget *uncertainty*. Eight years of continuing resolutions, including a year of sequestration, have driven additional cost and time into just about everything that we do. The Services are essentially operating in three fiscal quarters per year - nobody schedules important programs in the first quarter.

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The disruptions that this uncertainty imposes translates into risk to our Navy and our nation.

The third "whammy" is the resource *levels* in the Budget Control and Bipartisan Budget Acts. Funding levels require us to prioritize achieving full readiness only for our deploying units - these are ready for full spectrum operations. But we are compromising the readiness of those ships and aircraft that must surge to achieve victory in a large conflict. We have also curtailed our modernization in a number of areas critical to staying ahead of potential adversaries.

One more related point: your Navy thrives on long-term stability. When putting together shipbuilding plans, it's necessary to think in terms of decades.

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While I know we're here mostly to talk about current challenges, I feel I must say that I was struck by the Congressional Budget Office's recent update to their long-term Budget and Economic Outlook. In it, they project that in a decade, discretionary spending - which includes defense - will drop to the lowest levels in more than 50 years. It makes crystal clear that it is vital that we dive in and get to work on this problem now, for the security of the country.

In terms of a solution, we must work as partners. On one hand, we must work to set sufficient resource levels and restore stability to the budgeting process. On the other hand, we must ensure that every dollar that the American taxpayer gives the Navy is spent as efficiently and effectively as possible. I am committed to meeting my responsibilities here, and in partnering with you as we go forward.

Together with our sister services, your Navy is here to protect our great nation. Your Sailors and civilians continue to do everything that is being asked of them, even as the demands continue to grow. Working together with you, I am committed to finding a way to address this challenge. Thank you, and I look forward to your questions.

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Word Count: 548

Est. Time: 4 minutes

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